

LNF & IHCIF Calculations Illustration

- Mescalero in Albuquerque area -

Given Data

- 4,199 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 29% = % Expenditures on purchased services, 71% = % expenditures in-house
- 91.2% = Cost index for purchasing health care in this geographic area
- 115.2% = Size cost index for in-house costs due to small or large size
- 97.9% = Albuquerque area cost index for health status above or below average

Cost Adjustment Calculations

- \$800 per person for purchased services = $29\% * 91.2\% * \$2,980$
- \$2,422 per person for in-house services = $71\% * 115.2\% * \$2,980$
- \$3,221 per person total = \$800 (purchase) + \$2,422 (in-house)
- **\$3,155 per person total** adjusted for health status = $\$3,221 * 97.9\%$
- **\$2,410 per person net cost** = $\$3,155 - \745 Other resources (M&M&PI)

Existing Expenditures (for 4,199 users excluding wrap-around and collections)

- \$1,215 per person = local IHS allowance (excludes \$ for wrap-around)
- \$162 per person = expenditures elsewhere in Albuquerque area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,431 per person for OU users** = $\$1,215 + \$162 + \$54$

LNF Calculation

- **45.3% Gross LNF** = $\$1,431$ (expenditures) / $\$3,155$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **59.4% Net LNF** = $\$1,431 / \$2,410$ net cost ($\$3,155 - \745 other)

IHCIF Allocation

- \$63,629 = \$ to raise LNF% from 59.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$2,219 Allocation** = $\$63,629$ needed for 60% * 3.488% IHCIF fraction

Mescalero Unmet Needs

- **\$10,117,691 Net Total Need** = $4,199$ users * $\$2,410$ net cost
- **\$4,110,705 Net Unmet Need** = $(100\% - 59.4\% \text{ LNF}) * 4,199$ users * $\$2,410$ net cost